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Ports and Airports

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Ports and Airports

Government of India

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World-class infrastructure is the key to a globally competitive economy and India’s objective of sustained double-digit growth can only be achieved through a quantum growth in the infrastructure sectors. This, in turn, would lead to improved quality of life, increased employment opportunities, and progress towards the elimination of poverty. Infrastructure is critical to improved productivity across all sectors. The current level of annual Gross Capital Formation in the infrastructure sectors is about 4.5 per cent of GDP and needs to be ramped up to 8 per cent during the course of the Eleventh Five Year Plan. This would require a very significant scaling up of investment from the public as well as private sector. While public investment in infrastructure would continue to increase, the role of private participation needs to be expanded significantly to address the deficit in infrastructure services. Against this background, the Conference is timely and provides an unparalleled opportunity to engage Central Government ministers and senior officials in discussions on key policy directions and the challenges and opportunities in the infrastructure area in India.

Why attend the Conference?
- Gain insights on the policies being articulated for building world-class infrastructure in India understand the Government’s priorities, the hurdles and, most importantly, what is planned.
- Explore the challenges and opportunities arising out of a roll out of projects in sectors such as highways, ports, airports and railways.
- Engage in an interactive discussion with Union Ministers and members of the Prime Minister’s Committee on Infrastructure: probe issues important to your business with key decision-makers.
- Assess how this will improve your ability to plan for the future – not just to sustain but to grow your business in India.

Who should attend?
- Government departments
- Public sector undertakings
- Regulatory Commission
- Utilities, infrastructure developers
- Investment banks
- Private equity and infrastructure funds
- Construction companies
- Investment authorities, special economic zones
- Lawyers, consulting firms

Conference on Building Infrastructure: Challenges & Opportunities
October 7, 2006 • Vigyan Bhawan, New Delhi

Programme Highlights

9.00 am – 9.45 am: Registration
9.45 am – 9.50 am: Inaugural session
- Welcome remarks
  Shri Montek Singh Ahluwalia
  Deputy Chairman, Planning Commission
- Introductory remarks
  Shri P. Chidambaram
  Minister for Finance
- Inaugural address
  Dr. Manmohan Singh
  Prime Minister of India
Followed by interactive discussion

11.15 am – 11.45 am: Railways, Airports & SEZs: Opportunities ahead
- Presentation
  Shri Arvind Subramanian
  Secretary, Ministry of Civil Aviation
- Keynote address
  Shri P. Chidambaram
  Minister for Finance
Followed by interactive discussion

1.15 pm – 2.15 pm: Lunch
2.15 pm – 3.30 pm: Highways & Ports: Opportunities ahead
- Presentation
  Shri A. R. Vaidya
  Secretary, Department of Shipping
- Keynote address
  Shri Vijay Singh
  Secretary, Department of Road Transport & Highways
- Keynote address
  Shri T. R. Basu
  Minister for Shipping, Road Transport & Highways
Followed by interactive discussion

3.30 pm – 4.00 pm: Roads
- Presentation
  Shri Nitin Gadkari
  Minister for Road Transport & Highways
- Keynote address
  Shri P. Chidambaram
  Minister for Finance
Followed by interactive discussion

4.00 pm – 5.00 pm: Financing of Public-Private Partnerships
- Presentation
  Shri Anil Agarwal
  Secretary, Department of Economic Affairs
- Keynote address
  Shri A.K. Mohapatra
  Secretary, Department of Shipping
Followed by interactive discussion

5.00 pm – 5.30 pm: Concluding session
- Interactive discussion

Roles of the Participants

Finance
- The Government aims at:
  (a) improving the quality of services; and
  (b) reduction in costs.
- To create an enabling environment that would improve predictability and mitigate risk for PPPs, and also
  reduce transaction costs and time,
  the Government is creating appropriate institutional mechanisms and modernising the policy and regulatory framework.

Roads
- The bulk of the highway programme is proposed to be undertaken through PPPs.
  meeting the financing requirements of projects is being accelerated.
- The India Infrastructure Finance Company (IIFC), has been
  incorporated for providing long-term debt to project companies setting up
  socially viable infrastructure projects, in projects such as roads,
  railways, ports, airports, power, urban infrastructure, gas pipelines and tourism.
World-class infrastructure is critical to India's competitiveness and to sustaining the country's emergence as a major global player. This is particularly true in the context of the country's ambitious agenda for economic growth and development. The Conference on Building Infrastructure: Challenges & Opportunities is timely and relevant to this backdrop.

**Why attend the Conference?**
- Gain insights on the polices being articulated for building world-class infrastructure in India.
- Understand the Government's priorities, the hurdles and, most importantly, what is planned.
- Explore the challenges and opportunities arising out of a roll-out of projects in sectors such as highways, ports, airports, and railways.
- Engage in an interactive discussion with Union Ministers and members of the Prime Minister's Committee on Infrastructure: probe issues important to your business with key decision-makers.
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**Who should attend?**
- Government departments
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- Construction companies
- Private equity and infrastructure funds
- Investment banks
- Utilities, infrastructure developers
- Investment authorities, special economic zones
- Public sector undertakings
- Government departments
- Lawyers, consulting firms

Against this backdrop, the Conference is timely as it probes issues of critical relevance to the much-needed growth in infrastructure services in India. The Conference will address the following:

**Programme Highlights**
- Inaugural address
- Presentation
- Session 1: Finance
- Session 2: Roads
- Session 3: Railways
- Session 4: Ports
- Session 5: Aviation
- Session 6: Regulatory
- Session 7: Conclusion
- Valedictory address

**Role of Public Private Partnerships**
This Conference will address the evolving role of Public Private Partnerships (PPP) in providing infrastructural services in India. This is a critically important conversation, driven by the inadequacy of budgetary resources. The Government is creating appropriate frameworks, including the National Highways Development Programme (NHDP) and the India Infrastructure Finance Company Limited (IIFCL), to provide a model concession agreement, including that would improve predictability and mitigate risks for PPPs, and also reduce transaction costs and time. Through an enlarged role of PPPs, the Government aims at:

- Providing adequate infrastructure
- Improvement in the quality of services; and
- Reduction in costs.

To create an enabling environment that would improve predictability and mitigate risks for PPPs, and also reduce transaction costs and time, the Government is creating appropriate institutional mechanisms and modernizing the policy and regulatory framework. Among other aspects, this includes standardizing and streamlining of documents, processes and procedures, including the use of model concession agreements. Two major Governments initiatives for building the required amount of infrastructure are:

- Providing of viability gap funding
- Viability gap funding will normally be provided as a capital grant at the stage of project construction, subject to a ceiling of 20 per cent of the project cost. In order to be eligible for VGF, the project should be implemented by an entity selected through competitive bidding that has at least 51 per cent private equity.

**The India Infrastructure Finance Company Limited (IIFCL)**
- The Indian Government has set up a new institution to provide capital to private sector players for financing projects in the infrastructure space.
- The major objective of this institution is to create a viable and sustainable model for financing of projects.
- The company, which is a 100% subsidiary of the IIFCL, is being set up with a capital base of Rs. 22,000 crore (US$ 50 billion) to be raised through a public issue.
- The IIFCL would provide capital to private sector players for financing projects in the infrastructure space.

**Conclusion**
- The Conference will address the evolving role of Public Private Partnerships (PPP) in providing infrastructural services in India.
- This is a critically important conversation, driven by the inadequacy of budgetary resources.
- The Government is creating appropriate frameworks, including the National Highways Development Programme (NHDP) and the India Infrastructure Finance Company Limited (IIFCL), to provide a model concession agreement, including that would improve predictability and mitigate risks for PPPs, and also reduce transaction costs and time.
- Through an enlarged role of PPPs, the Government aims at:
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World-class infrastructure is the key to a globally competitive economy and India’s objective of sustained double-digit growth can only be achieved through a quantum growth in the infrastructure sectors. This, in turn, would lead to improved quality of life, increased employment opportunities, and progress towards the elimination of poverty.

Infrastructure is critical to improved productivity across all sectors. The current level of annual Gross Capital Formation in the infrastructure sectors is about 4.6 per cent of GDP and needs to be ramped up to 8 per cent during the course of the Eleventh Five Year Plan. This would require a very significant scaling up of investment from the public as well as private sectors. While public investment in infrastructure would continue to increase, the role of private participation needs to expand significantly to address the deficit in infrastructure services.

Against this background, the Conference is timely to engage the Government’s priorities, the hurdles and, most importantly, what is planned.

To explore the challenges and opportunities arising out of a roll out of projects in sectors such as highways, ports, airports and railways.

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- Understand the Government’s priorities, the hurdles and, most importantly, what is planned.
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Role of Public Private Partnerships

Two major Governments initiatives for building world-class infrastructure in India involve the participation of private investors:

- **Viability gap funding (VGF)**: The viability gap funding (VGF) is a mechanism of financial support given to implement viable infrastructure projects to ensure their completion. VGFs are provided on a case-by-case basis, based on the viability of the project.

- **Provision of adequate infrastructure**: The Government aims at providing adequate infrastructure to promote economic growth and social development.

This trend is primarily driven by the evolving role of Public Private Partnerships (PPPs) in providing commercially viable infrastructure in India. PPPs are partnerships between public authorities and private sector entities, aimed at enhancing the delivery of public services.

Programme Highlights

9.00 am – 9.45 am: Registration
9.45 am – 11.15 am: Inaugural session
- Welcome remark
- Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission
- Introductory remarks
- Shri P. Chidambaram, Minister for Finance
- Inaugural address
- Dr. Bhavin Shankhwar, Prime Minister of India

Followed by interactive discussion

11.15 am – 11.45 am: Tea
11.45 am – 1.15 pm: Railways, Airports & SEZs:
- Opportunities ahead
- Presentations
  - Shri Ajay Prasad, Secretary, Ministry of Civil Aviation
  - Shri J.P. Bhat, Chairman, Railway Board
  - Keynote address
  - Shri Karnal Nath, Minister for Commerce & Industry
  - Shri Lalu Prasad, Minister for Railways

Followed by interactive discussion

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- Presentations
  - Shri A. Anil Kumar, Secretary, Department of Shipping
  - Shri Vijay Singh, Secretary, Department of Road Transport & Highways
  - Keynote address
  - Shri T.R. Bhat, Minister for Shipping, Road Transport & Highways

Followed by interactive discussion

3.30 pm – 4.00 pm: Tea
4.00 pm – 5.00 pm: Financing of Public-Private Partnerships
- Presentations
  - Shri Ashok Jha, Secretary, Department of Economic Affairs
  - Keynote address
  - Shri P. Chidambaram, Minister for Finance

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- Interactive discussion
- Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission
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Private participation in container movement of trains is already unfolding on a fairly large scale. A dedicated freight corridor project estimated to cost about Rs. 22,000 crore (US$ 5 bn) is being planned along the eastern and western corridors, parts of which could be undertaken through PPPs. The Railways have identified development of new routes, setting up of logistics parks, modernisation of rolling stock and stations, etc. as focus areas for PPPs.

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Ports and Airports

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